

A Study of Halal Awareness and Knowledge Among Entrepreneur Undergraduates

¹Ezanee Mohamed Elias, ²Siti Norezam Othman, ³Noorulsadiqin Azbiya Yaacob, ⁴Adam Mohd Saifudin

^{1, 2, 3, 4} School of Technology Management & Logistics, College of Business,
Universiti Utara Malaysia, 06010 Sintok, Kedah, MALAYSIA

¹ezanee@uum.edu.my

²snorezam@uum.edu.my

³sadiqin@uum.edu.my

⁴msadam@uum.edu.my

Abstract - Over decades ago, the halal concept has only been the concern for the Muslim, but now has spread into the global mainstream supply of industrial food and products. Some studies have shown that the lack of knowledge, awareness and understanding of the halal concept between Muslim producers of halal products may lead to the declining values of halalness. And this study intends to examine the level of halal awareness and knowledge among the Muslim students in the entrepreneurial programme with the intention to be a halal entrepreneur soon. The study was conducted at University Utara Malaysia as a cross-sectional study within a three-month period. The data collection was gathered from the survey questionnaires, specifically from 274 students. The overall results have shown that the majority of respondents have a positive relationship between awareness, knowledge, and economy towards the intention and behavior of producing halal products.

Keywords: *awareness, economy, entrepreneur, halal, knowledge*

1. Introduction

Over the last decade, the perspective of halalness has spread from the origin of the Muslim's way of life into the worldwide mainstream in providing consumers for food, products and services at mass production scale. The privilege of halal products shall be contributed with a high confidence to the Muslims and non-Muslims alike in terms of safety, hygiene, and quality assurance as well as environmental friendly. The value

of halal market demand is expected to be around USD\$790 billion (RM2.89 trillion) in 2020, which are composed of food, beverages, healthcare and pharmaceutical products. However, the demand can be only be supplied approximately 20% or USD\$136 billion (RM498 billion). Obviously, the gap between demand and supply becomes a most attractive advantage for halal (local) producers to fill in especially to penetrate the halal international markets [1]. The meaning of halal as prescribed in Al-Quran is referring to "lawful, permitted, allowed or legal" and the opposite of it is haram or unlawful or illegal [2].

In the current situation in Malaysia, the majority of halal product ranges of the local markets are produced by non-Muslim producers. According to [3], 80% of the domestic market share of halal food products are dominated by non-Muslim entrepreneurs. This scenario gives two huge implications; first Muslim society must be responsible to fulfill their desires as Fard' Kifaya where some producers must be able to produce the halal products. And secondly, the high awareness of the importance of halal product use by Muslim and produce by Muslim entrepreneurs should be given a serious attention (by government). Why? Because a lot of cases happened to haram products sold in markets, which contained the swine's DNA (e.g., the ingredients). Therefore, the consequence to have a valid halal certification produced by JAKIM is extremely vital since 61% of 30 million Malaysian are Muslim.

Hence, Muslim entrepreneurs must accept these challenges as a business opportunity and as "Fard Kifayah" to be involved in the halal industry. Based on that Muslim entrepreneurs must have awareness, knowledge and understanding to produce halal products, which can fulfil the demand for local and

international Muslim consumers. Nowadays, the global halal markets accept the Malaysian's halal certification based upon the export values which increased from year to year. As reported by [4], in 2013 the value of halal export was the MYR32.8 billion, MYR37.7 billion in 2014 and continues to accelerate (MYR40 billion in 2015). Most of the importers' countries are China (MYR4.6 billion), Singapore (MYR3.6 billion), United States (MYR3.4 billion), Indonesia (MYR2.3 billion) and Japan (MYR2.2 billion).

2. Problem Statement

As suggested by [5] and [6], a lot of Muslim businessmen or potentially to be the entrepreneur is required to be aware, knowledgeable and understanding on the halalan toyyiban concepts in order to produce halal products. They also claimed that the missing of Muslim entrepreneurs in the halal industry makes consumers less appreciated for halalness concept which tentatively must be produced by Muslim society for Muslim consumers (as well as for entire consumers). As a minority, Muslim entrepreneurs in Malaysia have difficulties in competing with non-Muslim (including MNC) which dominated the halal markets for quite a long time, for example, *Nestle* and *Dutch Lady*. A report produced by HDC (2015) shows that halal market in Malaysia is dominated by non-Muslim entrepreneurs (mostly are Chinese) as compared to Muslim entrepreneurs. For examples, the non-Muslim local companies are *Berjaya Food* and *The Farm's Best*. Response to the circumstance, Muslim entrepreneurs should be more vigorous in generating ideas to produce halal products that can be competitive with the existing. Due to that, Muslim entrepreneurs should have a greater awareness towards the high demand, halal knowledge and as well as understanding the halal concept of a halal supply chain, including the production process of halal products [7]. Therefore, this issue needed to be explored from the beginning level of entrepreneurship programs offered by local universities.

3. Literature Review

Halalness

The concept of halalness is widely accepted by Muslim society and now has been part of most of the non-Muslim globally. The halal word written in the Al-Quran means "lawful, permitted, allowed or legal" and the opposite of halal is haram means unlawful or illegal [2]. In Islam's religion, to consume halal products is the

entitlement of God to humans, especially for the Muslims. According to [8], the halal substance is a concept that encourages Muslims to seek and apply any products or services that promoted the safety, hygiene, cleanliness and environmental friendly in all aspects of life.

Halal Certification

The recognition of halal certification issued by JAKIM was started in 1974 when it becomes the first standard use of products that met the halal criteria. Halal certification is to deliberate for any rights for entrepreneurs to produce products or services that have been audited to be recognized as halal [9]. This certification will be granted to the companies to use the halal logo for printing on their products, transports or premises. As proposed by [10], halal certification is to ensure Muslims practice on dietary must be according to the Shariah Law and to inspire the Muslims or non-Muslims entrepreneurs who produce the products met the halal standard and requirement. Moreover, halal certification is an initial step for entrepreneurs to produce halal product or services according to Shariah Law. It also to ensure that consumers can have a healthy, safety, hygienic and quality [11]. On the other hand, there are several halal standards released by Department of Standards Malaysia since the first version was introduced in the year 2000. For halal food production, the general guideline applies is MS1500:2009-Halal Food-Production, Preparation, Handling and Storage. For logistics purposes, the guideline is MS2400:2010.

Halal Market

The global halal market is currently estimated at USD\$2.3 trillion and its cover both food and non-food sectors such as banking and insurance services [11]. It is also expected that the halal market will be worth USD\$6.4 trillion in 2018 due to the increasing of Muslim population globally. At present, day, the Muslim population is about 1.8 billion and will be estimated to grow to 8.2 billion in 2030 [12]. On top of that, Malaysia has a mission to be a platform of International Halal Food Hub and a global halal certification center. To achieve the mission, Malaysia has developed several dedicated areas for halal industries such as 22 halal parks (110 SMEs and 18 MNCs), halal ports (Penang Port and North Port) and the Port Klang Free Zone (PKFZ) National Halal Park. To date, more than 7,200 companies have granted the

halal certificates to produce various halal products in international markets with top clients from China, Singapore, and Netherlands [4]. However, Malaysian production of halal food has been considered insufficient since at present the halal food products produced by the whole halal industry only represent 17% of the entire world's food industry.

Halal Awareness

Awareness on halalness concept is. A must for any Muslim individual either a consumer or an entrepreneur. This is the most important element that should be followed according to Shariah Law towards the production of halal products and services. However, every Muslim entrepreneur has a different level of awareness based on their background, religion (devout), culture, education and social interaction [13]. So in this case, awareness can be described as a level of attentiveness or realization among Muslim entrepreneur towards producing what is permitted for Muslims to consume and use [14]. A study in Malaysia has disclosed a level of awareness among SME towards the granting of halal certification is at the low level. However, most of them have a strong sentiment to produce halal food products since it is a decent responsibility for Muslim society as a whole [15].

Halal Knowledge

Halal knowledge is about how the Muslim individual should digest and practiced some Islamic teachings regarding on halal and haram [16]. Importantly, it should devour in every Muslim entrepreneur, especially on halalan toyyiban concept. This concept should be implemented through the procurement process, production, packaging, storage, logistics and others [17]. Therefore, halal knowledge is vital to be one of the criteria for Muslim entrepreneurs [18]. In Malaysia, most of the entrepreneurs have a good understanding and knowledge on halal food and food hygiene, including the ways it is prepared, processed and marketed [19].

Intention to Produce Halal Product

The intention is one of the factors that influence a person's behavior and how he or she put some efforts to try something different. In this study, it has focused on potential of Muslim students to be future entrepreneurs with an intention to produce halal products. Intentions play an important role in creating the action to be taken on something. Thus, entrepreneur intention is the

commitment to involve in generating new ideas, innovation and do something different for creating wealth for himself and added value to the society [20]; [21]. In addition, in Malaysia, products that have halal certification issued by JAKIM will be a main attraction for consumers to purchase [22]. In 2011, government has launched the halal business transformation programme (HBT) in order to attract more entrepreneurs to involve in manufacturing halal products. As a result, there are about 1,700 companies have participated, and they generated a total sale of MYR1.4 trillion at the end of 2015 [23].

Based on Theory of Planned Behavior (TPB) by [24], this study developed a framework which consists of three elements of independent variables; halal awareness, halal knowledge and halal economy that will influence the Muslim students to be a potential future of halal producers (see Figure 1). A few previous studies have shown the stronger absorption of these three elements will more likely the behavior to be performed [25]; [26].

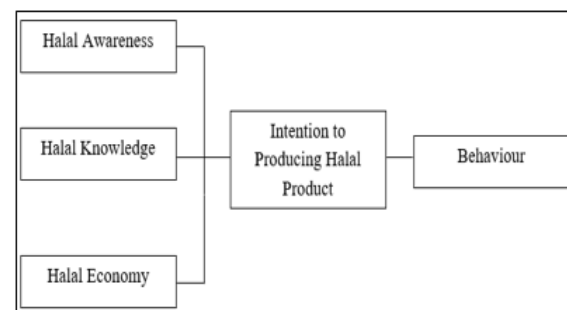


Figure 1. The Study Framework

Based on the literature reviews, the following hypothesis are proposed:

H1: There is a significant relationship between halal awareness and intention towards producing a halal product.

H2: There is a significant relationship between halal knowledge and intention toward producing a halal products.

H3: There is a significant relationship between halal economy and intention toward producing a halal products.

H4: There is a significant between intention to produce halal product and behavior for to be Muslim entrepreneur.

4. Research Methodology

This study applied quantitative approach with a cross-sectional methods within the 3-month period; October – December 2015. The data were collected from a survey questionnaire which consists of four sections in order to examine the halal awareness and knowledge among the Muslim students in UUM's entrepreneurial program. The students are chosen from semester 2 until 7. As a starting point, this study will begin with 274 Muslim students who currently studied in the Bachelor of Entrepreneurship (B. Ent-Hons). The data has been analyzed by using SPSS version 22.

5. Results

Profile of Respondents

Out of 280 questionnaires that were distributed through quota sampling, 274 completed questionnaires were returned and have been analyzed by SPSS v.22. The demographic section presents gender, age, semester and family background business. The demographic profile of the respondent is shown in table 1. There was a biased in the sample toward females (86.9%). This is uncontrollable since the majority of the students in the program are females. The largest age group is between 20-22 years, which amounted of 139 students (50.7%), while the smallest age group in the range of 23-25 years with 135 students (49.3%) and there were no respondents with age more than 26 years.

In addition, the majority of the samples which is 146 students (53.3%) were from semester 7 and semester 6 with four students (1.5%) are coming from the lowest semester group. In terms of family background business, 159 respondents (58.0%) claimed that their family did not involve in any kind of businesses, and 115 respondents (42.0%) said that their family comes from a business background.

Table 1. Demographic Profile of Respondent

Items	N	%	Items	N	%
<i>Sex</i>			<i>Semester</i>		
Male	36	13.1	2	22	8.0
Female	238	86.9	3	56	20.4
Total	274	100.0	4	8	2.9
			5	38	13.9
			6	4	1.5
			7	146	53.3
			Total	274	100.0
<i>Age</i>			<i>Family Background Business</i>		
20-22	139	50.7	Yes	115	42.0
23-25	135	49.3	No	159	58.0
26>	0	0	Total	274	100.0
Total	274	100.0			

Reliability and Validity Assessment

The reliability and validity assessment were conducted on all constructs (e.g., halal awareness, halal knowledge, halal economy, intention and behavior). The reliability of the constructs was weighed using Cronbach's Alpha. A Cronbach's Alpha value of at least 0.750 is commonly seen as accepted [27]. According to Table 2, the Cronbach's Alpha value of behavior is 0.904; entrepreneur intention is 0.881, halal awareness toward producing the halal products is 0.793; halal economy is 0.783 and halal knowledge toward producing the halal products is 0.769. This can be decided that all the items in each construct for the study are stable and consistent. Therefore, the study's measurements for the entire constructs are acceptable for reliability, as the numerical values of these are close to the standard or exceeded 0.750.

Table 2. Summary of Reliability Statistics

Construct	Cronbach's Alpha	Items
Halal awareness towards producing halal product	0.793	13
Halal knowledge towards Producing halal product	0.763	12
Halal economy	0.783	6
Entrepreneurial intention	0.881	5
Behavior	0.904	3

6.0 DISCUSSION

This study applied quantitative research method to measure the level of halal awareness, halal knowledge and halal economy among the Muslim students in UUM's entrepreneur programme towards producing halal products in the near future. The factor analysis shows that all results for the items in halal awareness, halal knowledge, halal economy, entrepreneur intention and behavior are significant. From the analysis, all items in construct have exceeded 0.750. This means all independence variables, and dependent variables are reliable, and they have a positive relationship between each other. Behavior has seemed the highest Cronbach's Alpha value (0.904) while entrepreneur intention is a second highest value (0.881), followed by halal awareness (0.793), halal economy (0.783) and halal knowledge (0.763). All variables considered to be a good internal-consistency reliability since their scores are more than 0.750. In particular, the results show the

relationship between halal awareness and intention towards producing the halal products is positive and significant. In addition, the relationship between the halal knowledge and intention also found significantly positive. The halal economy was positively and significantly related to intention towards producing halal products. Moreover, an intention towards producing halal products was positively and significantly related to behavior to being a Muslim entrepreneur towards producing halal products.

7.0 Conclusion

This study has been successfully providing some contributions from the perspective of Muslims' students to be future halal food entrepreneurs. Several conclusions from the study can be made. Based on the results obtained from the survey questionnaires, the level of halal awareness and knowledge among Muslim student entrepreneur programme is very high. Indirectly it shows that Muslim students on the programme have a wide knowledge of halalness concept and a strong determination to be Muslim entrepreneurs in the future. They also have an intention to produce halal products to local markets as well as the international market. Perhaps this study can be further up investigates the same issues, but from the other universities' entrepreneur programme in order to strengthen the reliability of the findings. This is important because the involvement of Muslim entrepreneurs in producing halal food products are inadequate. For examples, in 2013 and 2014 the export values from these entrepreneurs are only MYR3.23 billion and MYR3.44 billion as compared to non-Muslim; MYR29.61 billion and MYR34.25 billion [4]. Therefore, government agencies should plan to have some resilient incentives (e.g., micro-loan, soft-financial loan, product exhibition, technology-based training, conference, academic & industry collaboration, and ICT workshops) or any encouraging scheme for these young and enthusiast Muslim students to be near future entrepreneurs.

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